



WAYNE COUNTY AIRPORT AUTHORITY

OMB Circular A-133 Report

Year Ended September 30, 2005

(With Independent Auditors' Reports Thereon)

WAYNE COUNTY AIRPORT AUTHORITY

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KPMG LLP
Suite 1200
150 West Jefferson
Detroit, MI 48226-4429

**Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

The Board of Directors
Wayne County Airport Authority:

Compliance

We have audited the compliance of the Wayne County Airport Authority (Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. The Authority's major federal programs are identified in the Summary of Auditors' Results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of each major fund of the Authority as of and for the year ended September 30, 2005, and have issued our report thereon dated March 10, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and the accompanying Supplemental Schedule of Expenditures of Federal Awards are presented for purposes of additional analysis as required by OMB Circular A-133 and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG LLP

April 14, 2006, except as to paragraph 6,
which is as of March 10, 2006

WAYNE COUNTY AIRPORT AUTHORITY

Schedule of Expenditures of Federal Awards

Year ended September 30, 2005

<u>Federal grantor/ pass-through grantor/ program title</u>	<u>Federal CFDA number</u>	<u>Accrued revenue at October 1, 2004</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Accrued revenue at September 30, 2005</u>
U.S. Department of Transportation: Direct Program – Airport Improvement	20.106	\$ 11,161,257	46,575,021	43,950,348	8,536,584
Total U.S. Department of Transportation		11,161,257	46,575,021	43,950,348	8,536,584
U.S. Department of Homeland Security: Direct Program – National Explosives Detection Canine Program	97.072	—	320,500	320,500	—
Passed through the State of Michigan: Domestic Preparedness – Training	97.004	—	—	32,773	32,773
Total U.S. Department of Homeland Security		—	320,500	353,273	32,773
U.S. Department of Justice: Direct Program – Bulletproof Vest Program	16.607	—	—	52,674	52,674
Total U.S. Department of Justice		—	—	52,674	52,674
Total federal awards		\$ 11,161,257	46,895,521	44,356,295	8,622,031

See accompanying independent auditors' report and note to the schedule of expenditures of federal awards and supplemental schedule.

WAYNE COUNTY AIRPORT AUTHORITY
Supplemental Schedule of Expenditures of Federal Awards
Year ended September 30, 2005

Direct program activity/year	Accrued revenue at October 1, 2004	Receipts	Expenditures/ disbursements	Accrued revenue at September 30, 2005
Metro Airport:				
3-26-0026-5401	\$ 152,659	434,964	282,305	—
5501	—	459,945	459,945	—
5601	9,555	17,593	8,038	—
5902	99,437	776,802	759,356	81,991
6002	128,419	128,253	(166)	—
6102	74,795	2,499,458	2,424,663	—
6303	29,978	229,766	342,429	142,641
6403	775,997	775,137	(860)	—
6604	8,190,465	8,221,611	31,146	—
6704	—	73,612	123,943	50,331
6804	351,101	796,488	533,485	88,098
6904	32,004	178,680	969,533	822,857
7004	—	90,326	245,981	155,655
7105	—	11,783,424	11,799,973	16,549
7305	—	—	—	—
7405	—	—	3,062,059	3,062,059
7505	—	—	75,948	75,948
Letter of Intent AGL-90-01:				
7205	—	17,638,853	17,638,853	—
National Explosives Detection Canine Program	—	320,500	320,500	—
Bulletproof Vest Program	—	—	52,674	52,674
Homeland Security Training	—	—	32,773	32,773
Total Metro Airport	9,844,410	44,425,412	39,162,578	4,581,576
Willow Run:				
3-26-0024-2001	86,770	300,240	213,470	—
2102	884,860	1,230,944	855,482	509,398
2203	345,217	378,254	90,582	57,545
2304	—	560,671	3,604,408	3,043,737
2405	—	—	429,775	429,775
Total Willow Run	1,316,847	2,470,109	5,193,717	4,040,455
Grand total	\$ 11,161,257	46,895,521	44,356,295	8,622,031

See accompanying independent auditors' report and note to the schedule of expenditures of federal awards and supplemental schedule.

WAYNE COUNTY AIRPORT AUTHORITY

**Note to the Schedule of Expenditures of Federal Awards
and Supplemental Schedule**

Year ended September 30, 2005

(1) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Wayne County Airport Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



KPMG LLP
Suite 1200
150 West Jefferson
Detroit, MI 48226-4429

**Report on Internal Control Over Financial Reporting
and Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Board of Directors
Wayne County Airport Authority:

We have audited the basic financial statements of the Wayne County Airport Authority (Authority) as of and for the year ended September 30, 2005 and have issued our report thereon dated March 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and state and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

KPMG LLP

March 10, 2006

WAYNE COUNTY AIRPORT AUTHORITY

Schedule of Findings and Questioned Costs

Year ended September 30, 2005

Section I – Summary of Auditors’ Results

- (a) The type of report issued on the basic financial statements: **Unqualified opinion**
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the basic financial statements: **None reported** Material weaknesses: **None reported**
- (c) Noncompliance which is material to the basic financial statements: **No**
- (d) Reportable conditions in internal control over major programs: **No** Material weaknesses: **No**
- (e) The type of report issued on compliance for major programs: **Unqualified opinion**
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **No**
- (g) Major programs: **Airport Improvement Program (CFDA #20.106) and National Explosives Detection Canine Program (CFDA #97.072)**
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$1,330,689**
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133?: **No**

Section II – Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*: None

Section III – Findings and Questioned Costs Relating to Federal Awards: None